

# PSJ3

## Exhibit 8



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

8/10/15

**NATIONAL ASSOCIATION OF CHAIN DRUG STORES  
BOARD OF DIRECTORS MEETING  
AGENDA**

*Colorado Convention Center  
Room 107-113  
Denver CO  
August 23, 2015 – 10:00 am – 12:00 noon*

- I. Call to Order**
- II. Consent Calendar**
  - Approval of Minutes April 25, 2015, Palm Beach, FL
  - Membership Report
- III. Financial Report – Mid-year Update**
- IV. Meetings Update**
  - NACDS Total Store Expo
- V. Nominating Committee Update**
- VI. DEA Update**
  - GAO Report
  - Congressional Activity
  - DEA Changes
- VII. Medicaid and TRICARE Update**
  - Medicaid
    - Covered Outpatient Drugs Rule Status
    - State Advocacy Efforts
    - Federal Cures Legislation
  - TRICARE Update
- VIII. California Lawsuit Settlement**
- IX. New Business**
- X. Next Meeting – December 3, 2015 in New York, NY**
- XI. Adjournment**

\* Tom Brokaw will address the NACDS Board and invited guests from approximately 10:00 am – 10:45 am, prior to the start of our Board meeting.

## ANTITRUST COMPLIANCE POLICY

The National Association of Chain Drug Stores (NACDS) has a policy of strict compliance with all antitrust laws. The responsibility for antitrust compliance rests with NACDS employees, representatives, members, and anyone else who participates in NACDS activities.

Antitrust laws prohibit competitors from engaging in actions that unreasonably restrain competition. Activities that almost always violate antitrust laws include price fixing, group boycotts, bid-rigging, and allocation of territories, markets or customers among competitors. For example, an agreement among competing pharmacies not to participate in a health plan's pharmacy network may be considered a group boycott, and an agreement to accept only a certain reimbursement rate may be considered price fixing. In addition, standards development, certification or accreditation programs, and certain association membership restrictions can violate antitrust laws if their anti-competitive effects outweigh their positive benefits.

An informal or implied arrangement among competitors can be evidence of antitrust violations. For example, discussion of prices among competitors followed by parallel pricing decisions may be considered evidence of price fixing. As a result, it is important to avoid even the appearance of impropriety. NACDS employees and members must avoid discussions that raise antitrust concerns. Participants in NACDS activities should adhere to the following guidelines:

- **DO NOT** discuss companies' prices, fees, reimbursement rates, discounts, contract provisions or other terms and conditions of purchases or sales.
- **DO NOT** discuss decisions to participate in or drop out of pharmacy networks or programs such as Medicare or Medicaid.
- **DO NOT** discuss boycotting or refusing to deal with specific plans, payors or suppliers. Similarly, do not discuss efforts to prevent a supplier from selling to competitors.
- **DO NOT** discuss dividing up territories, markets or customers among competitors.
- **DO NOT** exchange data concerning prices, sales, costs, salaries, or other business data unless approved by NACDS legal counsel. Data exchanges must ordinarily involve only historical data that is aggregated by a third party.
- **DO NOT** discuss development of business standards, codes of ethics, accreditation or certification programs, or membership restrictions unless approved by NACDS legal counsel.
- **DO** distribute and refer to this Antitrust Compliance Policy at NACDS meetings.
- **DO** circulate and follow a written agenda for meetings.

Violating antitrust laws can result in imprisonment, fines and other penalties. In addition, employees who violate this policy are subject to disciplinary action.

**If questions or concerns arise, please immediately terminate any improper discussions and consult NACDS legal counsel.**

**NATIONAL ASSOCIATION OF CHAIN DRUG STORES, INC.  
BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY**

**WHEREAS**, it is important for the members of the Board of Directors of the National Association of Chain Drug Stores, Inc. ("NACDS") to act in the best interests of NACDS; and

**WHEREAS**, the Board wishes to memorialize in a binding written resolution its long-standing policy regarding disclosure and avoidance of conflicts of interest, it is hereby

**RESOLVED**, that each member of the Board of Directors shall abide by the following conflict of interest policy:

1. As discussed below, a Director may not participate in a Board decision or activity if the Director has a conflict of interest regarding that decision or activity. A conflict of interest may exist if the personal or business interests of a Director appear to interfere with or improperly influence the Director's ability to act in the best interests of NACDS. In determining whether a conflict of interest exists, the Board will be guided by final instructions issued by the Internal Revenue Service regarding IRS Form 990.
2. Each Director shall make a full and complete disclosure to the Chairman of the Board and the NACDS Secretary of each circumstance that a reasonable person would believe creates the possibility of a conflict of interest. The exact nature of each actual or potential conflict of interest shall be disclosed to the Chairman of the Board and the NACDS Secretary annually, and shall be disclosed immediately whenever a Director learns of a new potential conflict of interest.
3. If the conflicted Director, the Board, or the Executive Committee determines that a conflict of interest does exist, and if the conflict of interest is not waived by the Board or the Executive Committee, then the conflicted Director shall be excused from voting or otherwise participating in the decision-making process regarding any issue that touches upon the conflict.
4. Whether or not a potential conflict of interest is involved, required disclosures shall include, but not be limited to, any information that the Director has a family or business relationship with any other Director, Officer or key employee of NACDS.
5. Directors are obligated to read and understand this conflict of interest policy. By participating in Board meeting and activities, Directors acknowledge that they will abide by the terms of this policy.
6. This conflict of interest policy shall be distributed to all Directors. This policy shall be made available to members of the public upon written request.



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

## **CONSENT CALENDAR**

### **Board of Directors Meeting**

**August 23, 2015**

**Colorado Convention Center  
Denver CO**

The purpose of the Consent Calendar is to help expedite meetings by quickly addressing relatively non-controversial reports and actions, thus allowing more time for items on the agenda that require serious discussion.

The contents of the Consent Calendar have been placed there with the prior approval of the Chairman of the Board.

Board members can request that any report(s) on the Consent Calendar be removed to be taken up separately. Items removed from the Consent Calendar are then taken up as separate agenda items during the course of the meeting.

This Consent Calendar includes:

1. Approval of Minutes of the April 25, 2015 meeting in Palm Beach FL
2. Membership Report for the period through August 9, 2015



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

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8/10/15

**NATIONAL ASSOCIATION OF CHAIN DRUG STORES**

**BOARD OF DIRECTORS MEETING**

*The Breakers  
Palm Beach, FL*

*April 25, 2015*

**MINUTES**

The Board of Directors of the National Association of Chain Drug Stores met Saturday, April 25, 2015 at The Breakers, Palm Beach, FL, commencing at 9:30 a.m. Those in attendance, in addition to presiding Chairman of the Board, John Standley, Rite Aid Corporation, were the following:

J. Barra, Target  
G.D. Bartell, The Bartell Drug Company  
C. Bauza, Walmart  
L. Diab, Walmart  
R.B. Edeker, Hy-Vee Inc.  
M.E. Griffin, Lewis Drugs, Inc.  
P.C. Julian, Health Mart Systems Inc.  
M.C. Kaufmann, Medicine Shoppe International Inc.  
K. Martindale, Rite Aid Corporation  
L.J. Merlo, CVS Caremark Corporation  
R.J. Narveson, Thrifty White Pharmacy  
M. Otto, H-E-B  
C.C. Painter, Kinney ProAct HealthDirect, Inc.  
D.J. Salemi, New Albertsons, Inc.  
S. Sternheim, Zitomer/Thriftway Drug Corp.  
J.K. Symancyk, Meijer, Inc.

Absent:

L.M. Fruth, Fruth Pharmacy  
R.J. Hartig, Hartig Drug Company, Inc.

Guests:

R. Ashworth, Walgreen Co.  
H.B. Foulkes, CVS Health  
J.L. Giacomini, Medicine Shoppe International Inc.  
A. Gourlay, Walgreen Co.  
D. Kelly, General Counsel, Dickstein Shapiro LLP  
D.W. Neu, Good Neighbor Pharmacy  
W.E. Osborn, Osborn Drugs Inc.  
T. Skelton, Surescripts  
T. Theriault, Walgreen Co.

Staff:

S.C. Anderson, President and CEO  
D.L. Bell, Senior Vice President, Legal Affairs & General Counsel  
D.M. Fitzsimmons, Senior Vice President, Finance & Administration and Corporate Secretary  
K. D. Jaeger, Senior Vice President, Pharmacy Care & Patient Advocacy  
C.A. Kelly, Senior Vice President, Government Affairs & Public Policy  
C.P. Krese, Senior Vice President, Marketing, Communications & Media Relations  
J.A. Whitman, Senior Vice President, Member Programs and Services

**CALL TO ORDER**

Chairman Standley welcomed the Board and guests to Palm Beach, FL and the 2015 Annual Meeting. He noted that among the guests are the five nominees to the Board of Directors, which included Richard Ashworth, Walgreen Co.; Helena Foulkes, CVS Health; Jon Giacomini, Medicine Shoppe International Inc.; Alex Gourlay, Walgreen Co.; and David Neu, Good Neighbor Pharmacy, as well as our general counsel from Dickstein Shapiro, Deborah Kelly.

Mr. Standley thanked the Board and the entire NACDS staff for all the support he received during his term as chairman. The Board, in turn, thanked Mr. Standley for his fine work in chairing the association over the past year.

Ms. Kelly reminded the Board that NACDS adheres to a policy of compliance with the association's antitrust and conflict of interest policy statements and, if any questions arose, to bring them to her attention.

### **CONSENT CALENDAR**

A motion was made, seconded, and approved, accepting the following reports included in the consent calendar:

1. Approval of Minutes of the December 4, 2014 Board of Directors meeting.
2. Membership Report for the period through April 9, 2015. (Membership Report is attached at the end of the minutes.)

### **NOMINATING COMMITTEE REPORT**

Mr. Narveson, Nominating Committee Chairman, presented the report of the Committee. Serving with him on the Committee were Messrs. Anderson, Griffin, Merlo, and Standley. He began by thanking Mr. Kaufmann for his years of fine service on the NACDS Board and Executive Committee. Mr. Kaufmann is stepping down as a result of new duties he has taken on within his company.

Mr. Narveson noted that a slate of nominations for officers, Executive Committee members, NACDS Honorary Board, and NACDS Foundation Board of Directors had been placed at each seat and the Board will be asked to vote on the entire slate at one time. Also included in the slate of nominations were Board members with expiring terms and new Board members who will be voted on by the members for three-year terms expiring in 2018. Even though the members' companies vote to approve nominations to the Board, Mr. Narveson proposed that the Board for the record vote to show their support for the nominations. At the conclusion of nominations, Mr. Narveson made a motion to approve the entire slate. The motion was seconded and unanimously approved. The slate of nominations contained the following:

#### **Officers for the 2014-2015 year:**

Chairman of the Board – Randall B. Edeker, Hy-Vee Inc.  
Vice Chairman of the Board – Martin Otto, H-E-B  
Treasurer – J.K. Symancyk, Meijer, Inc.  
President and CEO – Steven C. Anderson, NACDS  
Corporate Secretary – David M. Fitzsimmons, NACDS

#### **Executive Committee (new members):**

Labeed Diab, Walmart  
Alex Gourlay, Walgreen Co.  
Martin Otto, H-E-B  
J.K. Symancyk, Meijer, Inc.



**Board Members with Terms Set to Expire in 2015, Who Are Nominated to another Three-year Term Set to Expire in 2018:**

George Bartell, The Bartell Drug Company  
Labeed Diab, Walmart  
Dick Hartig, Hartig Drug Company  
John Standley, Rite Aid Corporation  
Sharon Sternheim, Thriftway/Zitomer Drug

**New Members of the Board of Directors, Who are Nominated to a Three-year Term Set to Expire in 2018:**

Richard Ashworth, Walgreen Co.  
Helena Foulkes, CVS Health  
Jon Giacomini, Medicine Shoppe International Inc.  
Alex Gourlay, Walgreen Co.  
David Neu, Good Neighbor Pharmacy

**Nomination to the Honorary Board of Directors**

Gregory D. Wasson

**NACDS Foundation Board of Directors and Officers -- 2015 - 2016**

**Officers**

Steven C. Anderson, NACDS, Chairman \*\*  
Kathleen Jaeger, NACDS, President \*\*  
David M. Fitzsimmons, NACDS, Treasurer  
Don Bell, NACDS, Secretary

**Board of Directors**

Robert Belknap, Boehringer Ingelheim Pharmaceuticals, Inc.  
Maureen Cavanaugh, Teva Pharmaceuticals  
Walter Chapman, Newell Rubbermaid  
Mike Conley, Novartis Pharmaceuticals Corporation  
Lorraine Coyle, L'Oreal Paris, Division of L'Oreal USA, Inc.  
Victor Curtis, Costco Wholesale dba Costco Pharmacies  
Louis Dallago, Pfizer Inc., Worldwide Pharmaceuticals  
Christopher Dimos, McKesson Corporation  
Marc Falkin, Actavis Pharma  
Debbie Garza, Walgreen Co.  
Jon Giacomini, Cardinal Health, Inc.  
Mark Griffin, Lewis Drugs, Inc.  
Susan Henderson, Rite Aid Corporation

Eileen Howard Boone, CVS Health  
Joseph Kucharski, GlaxoSmithKline  
Louis Martire, Energizer Holdings, Inc.  
Robert Potter, Mylan Pharmaceuticals Inc.  
Daniel Salemi, New Albertsons, Inc.  
Bryan Stuke, Procter & Gamble Company  
Peter Thompson, Colgate-Palmolive Co. Inc.  
Todd Tillemans, Unilever  
James Van Lieshout, ApoBiologix A Division of Apotex Corp.  
Diane Wallace, Coca Cola Refreshments

Chairman Standley thanked Mr. Narveson for his fine work chairing the Nominating Committee. Finally, Chairman Standley advised the Board of the following governance adjustments for the 2015-2016 term: he will chair the Human Resources Committee of the Board; Mr. Symancyk becomes chairman of the Finance Committee by virtue of his position as treasurer; Mr. Narveson becomes the chairman of the Nominating Committee; and incoming Chairman Edeker will make appointments to the Nominating Committee as necessary.

### **FINANCIAL REPORT**

Mr. Edeker, NACDS Treasurer, reported that the audit of the consolidated financial statements of NACDS and affiliated entities for 2014 is completed and resulted in an unqualified opinion. Copies of the audit report and the auditors required communications were sent to the Board prior to the meeting. He stated that he met with the auditors via teleconference to discuss their required communication to the Board under SAS-114. All aspects were found to be in good order. He also discussed with the auditors significant matters related to the conduct of the annual audit, so that the NACDS Finance Committee can appropriately discharge its oversight responsibilities. The auditors informed him there will not be an internal control letter issued as a result of the audit. Finally, Mr. Edeker reported that the McGladrey audit manager was complimentary of the job the NACDS finance team does in keeping the financial books and records in good order. Mr. Edeker then called on Mr. Fitzsimmons for a brief report on the association's finances covering calendar year 2014 and the first quarter of 2015.

Mr. Fitzsimmons provided top-line financial results for calendar year 2014. Total revenue for NACDS was \$36,905,000 and total expenses were \$32,219,000, which yielded income from operations of \$4,686,000, which was a \$3,164,000 favorable variance to budget. Prior year income from operations was \$3,617,000. Revenue is derived 70% from conferences, and 25% from member dues. Associate members provide approximately 75% of the association's revenue each year. Below-the-line income, primarily from investments, was \$1,028,000, which yielded a final increase in net assets of \$5,714,000, compared to budget of \$3,017,000 and \$7,834,000 last year. He provided further detail on revenue and expense components and comparisons to prior year totals.

The statement of financial position for NACDS as of December 31, 2014 reflected total assets of \$77,217,000, which were comprised primarily of current assets and long-term investments. Liabilities totaled \$31,129,000, yielding total net assets of \$46,087,000. He noted that liquid net assets as of December 31, 2014 were approximately \$41,000,000 and have met our Board goal of having at least one year's expenses in liquid reserves. He provided comparisons to prior year totals and further detail regarding changes compared to prior year. He also reviewed a chart reflecting NACDS total net assets for the past nine years, which detailed a reduction in net assets in 2006-2008 due to investment losses and pension accounting changes, followed by an increase from 2009-2014 from the market recovery, continued strong meeting revenue, and the 2009 smart-sizing initiative.

Mr. Fitzsimmons then reported consolidated financial results for 2014, which include the NACDS Foundation and the NACDS-PAC results, since NACDS controls those entities. Consolidated total assets were \$86,324,000, liabilities were \$31,752,000, and net assets were \$54,572,000. Consolidated revenue was \$40,858,000 (including investment income, which is reported below the line in the NACDS internal financials), expenses and other changes were \$35,634,000, and final change in net assets was \$5,224,000, which, when added to beginning net assets, yielded final net assets of \$54,572,000.

Mr. Fitzsimmons provided highlights from the first quarter of 2015. 95% of membership dues have been collected. Regional Chain Conference surpassed its budgeted net income, the NACDS Annual Meeting will beat its budget, and the NACDS Total Store Expo is tracking well against budget at this time. Investment income was \$171,000 over budget for the quarter, returning approximately 1.5% on long-term investments. Our investment advisors remain optimistic on the markets for 2015. Non-meeting expenses of \$5.4 million were \$255,000 favorable to budget, mostly due to timing of expenses. The statement of activities for the first quarter reflects total revenue of \$3,362,000 and total expenses of \$5,971,000 for a net loss from operations of \$2,609,000, which is \$322,000 favorable to budget. Our results will turn positive in April after the net revenue is earned from the NACDS Annual Meeting.

At the conclusion of the financial report and after all questions had been answered, the financial report was unanimously approved by the Board. Mr. Edeker also reported that he had reviewed all of Mr. Anderson's recent travel expense reports and found them to be in good order.

### **SURESCRIPTS UPDATE**

Chairman Standley welcomed Messrs. Skelton, Theriault, and Osborn to provide an update on Surescripts' activities. Mr. Skelton reminded the Board that Surescripts was founded in 2001 with the goal of converting paper prescriptions to electronic format. This goal has been achieved, with 56% of all prescriptions now electronic, 95% of pharmacies connected to the Surescripts network, and 70% of physician's offices now connected. Mr. Skelton also highlighted the top vendors and connectivity partners currently working with Surescripts.

Mr. Skelton stated that patients and providers have come to expect a fully integrated healthcare system and now is the time for Surescripts to seize that opportunity. Areas for optimization include workflow efficiencies, improved customer experience, and expanded communication among healthcare providers. Finally, Mr. Skelton reviewed Surescripts' key focus areas for 2015, which all work towards the ultimate goal of lowering the costs of electronic messaging while improving quality.

The Board asked questions of Mr. Skelton, and Mr. Anderson thanked Messrs. Theriault and Osborn for their service in representing NACDS' interests on the Surescripts board. Chairman Standley thanked Mr. Skelton for his update and the Surescripts' representatives excused themselves from the meeting.

### **MEETINGS UPDATE**

Mr. Whitman provided an update on NACDS meetings and conferences. He reviewed NACDS Annual Meeting attendance totals, and he noted the large number of chairmen, CEOs, and presidents in attendance at the event. He reviewed the schedule of events for the meeting and he thanked Board members for their participation and for bringing their senior executive teams with them. He reminded the Board that meetings and conferences drive 70% of the association's revenue, and our associate members count on strong chain member attendance at all NACDS meetings.

Mr. Whitman reported on the Retail Advisory Board's upcoming immersion trip to Seattle, WA in May which will focus on retailing trends in the Northwest U.S. market, as well as highlighting recent trends in retail technology and internet strategies.

Finally, Mr. Whitman reviewed preparations underway for the NACDS Total Store Expo in Denver, CO in August. The exhibit hall is substantially full at this point, and marketing efforts include the trade press, social media, and NACDS TV videos. Mr. Whitman played the welcome video that all attendees to the NACDS Annual Meeting received prior to their arrival. Chairman Standley and the rest of the Board thanked Mr. Whitman and his team for all they do in making the NACDS meetings and conferences successful and productive for both chain and associate members.

### **PROVIDER STATUS ADVERTISING CAMPAIGN UPDATE**

Mr. Krese provided an update on the Provider Status Coalition's new "Pharmacists Care" advertising campaign. The coalition has raised \$4.1 million for the campaign, \$3.5 million of which will go towards print, digital, and radio ads targeted at House and Senate members and their staffs. The NACDS Executive Committee approved a contribution of up to \$1 million from NACDS to support the ad campaign. The ads seek to highlight many of the new and innovative services that pharmacists are trained to provide, from immunizations to health tests to helping patients manage chronic conditions. The ad campaign will be coordinated with grassroots and lobbying activities associated with our efforts to seek provider status for pharmacists under Medicare Part B in medically underserved populations, as allowed by state laws. The ads will be running for the next several months.

### **PRESCRIPTION DRUG ABUSE, ADDICTION AND ACCESS; DEA TRAINING COURSE**

Mr. Krese reported on the association's efforts to highlight the chain drug industry's message that we have "Zero tolerance for drug abuse," while maintaining a "100% commitment to patient care." Recently, news coverage on this topic has begun to flip from an emphasis on the scourge of abuse to the difficulties of patient access to needed pain medications. We believe that pain clinics and patient groups have hired a PR firm in Florida to raise awareness of the access issue. Mr. Krese played a video clip from an investigative report by a TV station in Florida, which highlights the difficulties some patients are experiencing in trying to get their pain medications. Mr. Krese stated that NACDS has also enlisted the help of a PR firm in Florida to assist with our efforts to get pharmacy's message out, and to help set up meetings with newspaper editorial boards in Florida to educate them on this issue. NACDS has also participated in radio interviews in Florida on the subject of ensuring patients access to legitimate medications.

Ms. Kelly added that the House passed H.R. 471 on April 21, 2015, which would require the FDA and the DEA to work together with other stakeholders on a plan to reduce the abuse of pain medications while allowing access for those with legitimate needs. The association's lobbying efforts will now turn to the Senate. A new attorney general and DEA director will also provide an opportunity to make ground on this important issue. Mr. Bell noted that the legislation creates new DEA enforcement standards and allows pharmacies that run afoul of DEA standards to submit a corrective action plan in lieu of just being shut down. Finally, Ms. Jaeger reported on the progress of the association's DEA compliance training program. Training for front-line pharmacists is currently live, with store manager and pharmacy technician training scheduled for roll-out in August. The association will also host a DEA Compliance Forum on June 9, 2015 in Washington, D.C.

## **GOVERNMENT AFFAIRS UPDATE**

### **Value-based Purchasing Initiative**

Ms. Kelly reported that the Obama Administration, in conjunction with HHS, has created the Healthcare Payment Learning and Action Network to assist the healthcare community in moving from a reimbursement system based on the *quantity* of care to a system based on the *quality* of care. The network is looking for stakeholder participants. Ms. Kelly sought the Board's approval for NACDS to join the network, and the Board unanimously approved a motion for NACDS to join and participate in the network. Ms. Jaeger updated the Board on the association's engagement with other stakeholders and education efforts around value-based payment models for pharmacy services.

### **Medicaid (Federal And State Matters)**

Ms. Kelly reminded the Board that NACDS' legislative and legal efforts around AMP-based FULs have saved the industry \$9.7 billion so far. The final rule on AMP-based FULs is expected this fall, and the association will seek a one-year implementation period for community pharmacy. She updated the Board on AAC and NADAC benchmark activity in the states, and noted the increasing trend towards managed care plans in Medicaid. Efforts in California have saved members \$1 billion thus far, and New York savings have been over \$30 million through efforts to fight reductions in state reimbursement levels.

### **Medicare (Parts B/D)**

Ms. Kelly reported that our provider status bills have been introduced in both the House and Senate. We currently have 108 House co-sponsors and 11 Senate co-sponsors. Sen. Grassley (R-IA) has mentioned the possibility of including our legislation in the Deficit Neutral Reserve Fund that he inserted in the House budget resolution. These bills would allow provider status under Medicare Part B to pharmacists serving Medicare patients in medically underserved populations, as allowed by state laws.

In Medicare Part D, Ms. Kelly reported on efforts to introduce legislation expanding MTM eligibility for beneficiaries having certain specified single chronic conditions. Legislation has been introduced in the Senate, and the House has draft legislation in process.

### **State Scope Of Practice**

Ms. Kelly reported on the association's efforts to broaden pharmacists' scope of practice in the states. Key services being sought include point-of-care testing, review and extension of refills, administration of medications by injection and infusion, and certain lab tests. She also reviewed the status of 2016 advocacy planning.



### TRICARE

Ms. Kelly stated that the Department of Defense faces up to \$1 trillion in budget cuts between 2012 and 2021. She reviewed elements of the 2015 National Defense Authorization Act (NDAA) impacting community pharmacy and she itemized our 2016 NDAA strategy, which includes seeking delays in implementation of the changes, allowing for 90-day prescriptions at retail for brand name maintenance medications, and allowing beneficiaries to opt-out of any mandatory mail requirements.

### Specialty Pharmacy

Ms. Kelly reported that the FDA has received five applications for biosimilar medications, and has approved one so far. The association is pushing the FDA to allow biosimilars to use the same naming convention as the branded version. At the state level, lobbying efforts include pushing back against legislation requiring onerous notification requirements when pharmacists substitute a biosimilar medication for the specialty brand drug.

### Federal Supply Chain Regulation

Ms. Kelly reported on upcoming deadlines for manufacturers and wholesalers, and for product dispensers to comply with the new supply chain regulations. Dispensers must receive pedigree documents and product tracing information beginning July 1, 2015. Clarification is also being sought regarding whose responsibility it is to hold the transaction documents for dispensers at hospitals participating in the Section 340B drug discounting programs established in the Public Health Safety Act. The association is working with the Pharmaceutical Distribution Security Alliance, the FDA, and Congress to ensure a smooth transition to the new product tracing rules for community pharmacy.

### PBM Matters

Ms. Kelly reported that H.R. 793, the Ensuring Seniors Access to Local Pharmacies Act of 2015, has been introduced in the House and allows “any willing pharmacy” in a medically underserved community to participate in a Medicare Part D plan. Work is underway to seek a sponsor for companion legislation in the Senate. In the states, a key focus is PBM audits and ensuring the fairness of maximum allowable cost formulas in prescription drug plans.

### Building Political Programs/Outreach

Ms. Kelly reported on the creation of the Chairman’s Inner Circle in the NACDS-PAC to encourage chain drug executive participation and to increase contribution levels to the NACDS-PAC. The association will also expand its Key Contact Program, encouraging chain retail executives to develop relationships with the members of Congress who serve in their home states.

King v. Burwell

Mr. Bell reported that the Affordable Care Act (ACA) subsidies case currently before the U.S. Supreme Court could impact 8 million participants who currently have prescription drug coverage under the ACA. He reported on a recent hearing in the case and stated that the court should rule on the case by the end of their session.

Ms. Kelly distributed a document to all Board members outlining the association's action plan in the event that the court rules that the subsidies are not permitted under the ACA. The plan involves a four-pronged approach with outreach to the states, HHS, Congress, and other third-party stakeholders. One possible solution would be for the 34 states participating in the Federal marketplace to convert to a state-based marketplace. She stated that 70 million new Medicaid prescriptions have been written since the ACA's inception, and that Medicaid enrollment is up by 11.1 million, so the stakes are high in this case.

At the conclusion of her report on Government Affairs activities, Chairman Standley thanked Ms. Kelly and her team for the great work at the federal, state and regulatory levels to protect the interests of community pharmacy.

#### **LEGAL UPDATE**

In addition to the ACA case referred to above, Mr. Bell updated the Board on several other cases and legal issues impacting chain community pharmacy. In the North Carolina Dental Board case, the U.S. Supreme Court ruled that the dental board could be held liable under antitrust laws for preventing unlicensed practitioners from performing certain services, such as tooth whitening. This could help us when we face opposition from state physician boards over expanded pharmacist services, but it could also make pharmacists reluctant to serve on state boards of pharmacy for fear of litigation. The Supreme Court also recently ruled that providers could not sue the government under the patient access clause of Medicaid. While this is unfortunate, there are still other situations where providers could sue the government to challenge inadequate Medicaid reimbursement rates. In the states, our California Medicaid lawsuit and associated advocacy have saved members \$1 billion to-date, and it is unlikely that California will seek retroactive reimbursement on the reductions that were made in reimbursement rates. In Iowa, NACDS is opposing litigation against a statute that sets standards for maximum allowable cost formulas. If the law is upheld, it could help us in other states as well. In Maine, a federal court agreed with pharmacies that a law allowing foreign pharmacies to mail prescription medications to U.S. consumers was preempted by federal law.



In other legal matters, Mr. Bell reported that at least 50 class action lawsuits have been filed so far against store brand dietary supplements that allegedly did not have all of the advertised ingredients in them. NACDS is working with the Council for Responsible Nutrition to defend pharmacies that are involved. Finally, Mr. Bell reported on the NACDS Compliance and Benchmarking survey that is currently underway, and he announced that a roundtable discussion will be held during the upcoming NACDS Total Store Expo to discuss best practices and current operations around compliance issues. Chairman Standley thanked Mr. Bell for his important work in assisting the industry on legal matters impacting their bottom lines.

### **PHARMACY CARE UPDATE**

Ms. Jaeger updated the Board on current research projects and educational programs designed to advance pharmacy care. She reported that the first research project under optimizing pharmacy care umbrella, the Iowa Tech-Check-Tech (TCT) pilot, is showing promising results. Leveraging technician skills, frees up the pharmacist to spend his/her time to provide more pharmacy care or related services. Wisconsin is another state being targeted for a second TCT research project.

On a separate matter, Ms. Jaeger also reported on efforts related to engaging the Federal Trade Commission on state scope-of-practice issues, and briefly mentioned working with the National Association of State Pharmacy Associations on state collaborative practice analysis project.

Regarding education programs and certification training, Ms. Jaeger reported that the Point-of-Care (POC) Testing national tour has commenced. Round one involves train-the-trainer programs who will in turn train others for POC testing. Close to 500 trainers will be certified during the national tour, saving members over \$1,000 per certified trainer. Other programs under development include Pharmacogenomics training, an Advanced Practice Pharmacist certificate program with the California Pharmacists Association, and a Motivational Interviewing program that will be run by the NACDS Foundation. Chairman Standley thanked Ms. Jaeger for her work in developing these programs that will save pharmacies money and open the doors to providing new and innovative care to patients.

### **NACDS FOUNDATION – RESEARCH UPDATE**

In the NACDS Foundation, Ms. Jaeger reported that over \$6 million has been invested to-date to create a blended research portfolio designed to find new and innovative ways to improve patient outcomes and improve public health. Current research projects underway or in development include: a partnership with CDC for Hepatitis C and HIV screenings, a pharmacogenomics project, and testing and treatment of 20 minor ailments. The 20 minor ailments research will compare the quality and outcomes of treatment within the community pharmacy setting to outcomes in other healthcare settings. Other future initiatives include work with the White House to combat antimicrobial resistance, partnering with the National

Institutes of Health on cardio and diabetes medication and outcomes, and work in the states to expand research waivers. Chairman Standley thanked Ms. Jaeger for all of the important work and research currently being done by the NACDS Foundation to advance patient health and improved medical outcomes.

### **NACDS-PAC REPORT**

Mr. Otto, NACDS-PAC Chairman, reported on the activities of the NACDS-PAC. He began by reviewing the PAC's finances. Receipts for the 2013-14 cycle of \$444,000 were very close to our target of \$450,000. NACDS members meeting their Politically Engaged Pharmacy (PEP) goals for 2014 included Kinney Drugs, Thrifty White Pharmacy, and H-E-B. The NACDS staff also contributed \$36,000 in 2014 in support of the PAC's efforts. The receipts goal for the 2015-16 cycle is \$475,000. Disbursements in the 2013-14 cycle were \$475,000. Republican candidates received 52% of the contributions and Democratic candidates received 48%. The PAC participated in 44 industry fundraising events and had a total influence (including outside funds given directly to the candidates) of \$1.3 million. The PAC had a 93% winning percentage in the House, and 86% in the Senate. Mr. Otto concluded the financial portion showing graphs of how PAC receipts have grown over the years, how we compare to other industry PACs and how many chain member companies are currently giving to the PAC.

Mr. Otto then announced the creation of the NACDS-PAC Chairman's Inner Circle (CIC), which was created to expand our base of contributors and increase our influence in electing pro-pharmacy candidates to Congress. The CIC will include 10-15 chain drug retailing executives, who will work to recruit new PAC contributors and to encourage NACDS chain member companies to meet their PAC goals, which are \$25,000 in total contributions from a large member, \$15,000 from a medium-sized member, and \$10,000 from a small chain. Finally, Mr. Otto took questions from the Board on any issues or questions about the NACDS-PAC. At the conclusion of the report, Chairman Standley thanked Mr. Otto for his efforts since taking the PAC Chairmanship earlier this year, and he encouraged all NACDS Board members to continue to support the PAC's good work.

### **NEW BUSINESS**

Mr. Anderson and the entire Board took a final opportunity to thank Chairman Standley for his leadership and his dedication to the chain drug industry during his term as chairman. Mr. Standley thanked Mr. Anderson, the Board, and the NACDS staff for their support, and he promised to remain fully engaged with the association and with our issues.

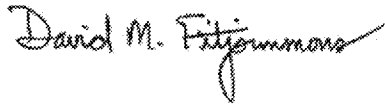
**NEXT MEETING**

Mr. Standley reminded Board members that the next meeting of the Board will be August 23, 2015 at the Colorado Convention Center in Denver, CO. Further information will be forthcoming.

**ADJOURNMENT**

Chairman Standley stated that there being no further business to discuss, the meeting was adjourned at 12:00 pm.

Respectfully submitted,

A handwritten signature in black ink that reads "David M. Fitzsimmons". The signature is written in a cursive style with a long, sweeping underline.

David M. Fitzsimmons, Corporate Secretary



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

DRAFT  
8/10/15

## MEMBERSHIP REPORT

August 9, 2015

This report summarizes the changes in NACDS membership from April 10, 2015 through August 9, 2015. It presents a listing of chain drug and supplier companies applying for membership and member cancellations during this period.

### CHAIN MEMBER COMPOSITION

There have been no chain companies applying for NACDS membership during the period; the current Chain membership is as follows:

Chain Drug Stores	60	56%
Supermarkets	41	38%
Mass Merchants	<u>7</u>	<u>6%</u>
	108	100%

### ASSOCIATE MEMBER COMPOSITION

Pending approval of the 94 supplier companies applying for NACDS membership, the current Associate membership is as follows:

Category I	Under \$10 Million	693	71%
Category II	\$10-\$30 Million	84	9%
Category III	\$30-\$50 Million	26	3%
Category IV	Over \$50 Million	<u>166</u>	<u>17%</u>
		969	100%

### INTERNATIONAL MEMBER COMPOSITION

Pending approval of the 12 international companies applying for NACDS membership, the current International membership is as follows:

Chains	19
Suppliers	<u>50</u>
Total Members	69
Countries	22
Stores	11,671
Pharmacies	12,235

Membership - 1

**CHAIN MEMBER APPLICATIONS**

No companies have applied for Chain Membership since last report.

**CHAIN MEMBER CANCELLATIONS**

The following 1 Chain Members are recommended for cancellation.

<u>Company</u>	<u>Member Since</u>	<u>Reason</u>	<u>#Rx</u>
Lifechek Drug	08/04/2000	Merger/Sale	29

**ASSOCIATE MEMBER APPLICATIONS**

The following 94 companies have applied for NACDS Associate membership.

<u>Company</u>	<u>Type</u>	<u>Location</u>
A&D Medical - LifeSource	Manufacturer	San Jose, CA
Alembic Pharmaceuticals	Manufacturer	Princeton, NJ
Allerpet, Inc.	Manufacturer	Suwanee, GA
Auburn Pharmaceutical	Wholesaler	Troy, MI
Beurer North America LP	Manufacturer	Hallandale Beach, FL
bioCSL	Manufacturer	King Of Prussia, PA
Blade Electronics	Manufacturer	OREM, UT
Blink Innovations	Service Company	New York, NY
Blue Spark Technologies, Inc.	Manufacturer	Westlake, OH
Chef Robert Irvine's Fit Crunch Bar	Manufacturer	Pittsburgh, PA
Collegium Pharmaceutical, Inc.	Manufacturer	Canton, MA
Combe Incorporated	Manufacturer	White Plains, NY
Crocodile Tears, LLC	Manufacturer	West Palm Beach, FL
Curaden USA, Inc.	Manufacturer	Cincinnati, OH
Dippin' Dots, LLC	Manufacturer	Paducah, KY
DJO Global / FluWar	Manufacturer	Vista, CA
Dr. Hauschka Skin Care	Manufacturer	South Deerfield, MA
DSM Nutritional Products, Inc.	Manufacturer	Parsippany, NJ
EO Products	Manufacturer	San Rafael, CA
Epic Pharma, LLC	Manufacturer	Laurelton, NY
Epicor Software Corporation	Service Company	Dublin, CA
Etavonni Products (FrozenPeaz)	Manufacturer	Chicago, IL
EZ-RFID	Service Company	Newark, OH
Fresh Monster	Manufacturer	Maplewood, NJ
Fusion Biotech	Manufacturer	Sandy, UT
Geri-Care Pharmaceuticals	Manufacturer	Brooklyn, NY
Good To Go	Manufacturer	Easton, CT
Harvest Trading Group	Manufacturer	Norwell, MA
Healthland LLC	Manufacturer	Brea, CA
HealthSource Marketing	Sales & Marketing	Williamsville, NY
Hearst Corporation	Media	New York, NY
Helen of Troy	Manufacturer	El Paso, TX
Help2Heal	Manufacturer	Boulder, CO
Herbion USA Inc.	Manufacturer	Hicksville, NY

Membership - 2

Hercules Pharmaceuticals	Wholesaler	Port Washington, NY
Husmann Corporation	Manufacturer	Bridgeton, MO
IDENTIGENE	Manufacturer	Salt Lake City, UT
IGI Trading LLC	Manufacturer	Miami, FL
iMedicare	Manufacturer	New York, NY
Immuno Gum	Manufacturer	Irvine, CA
Infinite Convergence Solutions	Service Company	Arlington Heights, IL
infirst+Healthcare Inc.	Manufacturer	Westport, CT
Ingenus Pharmaceuticals	Manufacturer	Orlando, FL
J.R. Watkins Company	Manufacturer	Winona, MN
Jekyll & Hyde Adv/Mktg	Ad Agency	Redford, MI
Jobri LLC	Manufacturer	Konawa, OK
kaleo Pharmaceuticals	Manufacturer	Wake Forest, NC
Kinsa Health	Manufacturer	New York, NY
Kira Labs	Manufacturer	Pompano Beach, FL
Kokie Cosmetics, Inc.	Manufacturer	Annandale, VA
LifeScience Logistics	Service Company	DFW Airport, TX
Luminess Air	Manufacturer	Stafford, TX
LXR Biotech, LLC	Service Company	Auburn Hills, MI
Macleods Pharma USA, Inc.	Manufacturer	Plainsboro, NJ
Masters Speciality Pharma	Wholesaler	Davie, FL
Me + My	Manufacturer	Venice, FL
ME! Bath Experience Inc.	Manufacturer	Los Angeles, CA
MinibarRx; InstantDx/OnCallData	Service Company	Gaithersburg, MD
MusclePharm	Manufacturer	Denver, CO
National Pharma Industries, Inc.	Manufacturer	Marietta, GA
New Haven Pharmaceuticals	Manufacturer	North Haven, CT
Niche Brands International	Manufacturer	Houston, TX
Nnodum Pharmaceuticals	Manufacturer	Cincinnati, OH
Nutrex Research, Inc.	Manufacturer	Oviedo, FL
Out of Africa	Manufacturer	El Segundo, CA
Oxy Bump Corporation	Manufacturer	Miami, FL
Palo Medical, LLC	Manufacturer	Mandeville, LA
Perrigo Company (Rx)	Manufacturer	Allegan, MI
Plumb's Veterinary Drugs	Service Company	Tulsa, OK
Presto Absorbent Products, Inc.	Manufacturer	Eau Claire, WI
PriMed Pharmaceuticals, LLC	Wholesaler	Neptune, NJ
Protein Sciences Corporation	Manufacturer	Meriden, CT
Quintiles - Reimbursement, Access and Distribution Solutions	Sales & Marketing	Parsippany, NJ
RangeMe	Service Company	San Francisco, CA
Rees Scientific	Manufacturer	Trenton, NJ
rfXcel Corp.	Service Company	San Ramon, CA
Rhodes Pharmaceuticals L.P.	Manufacturer	Coventry, RI
RLC Labs	Manufacturer	Cave Creek, AZ
Rx Technology, A Division of Cenveo Corporation	Manufacturer	Joplin, MO
Sheffield Pharmaceuticals	Manufacturer	New London, CT
SmartyPants Vitamins	Manufacturer	Marina Del Rey, CA
Southern Professionals, Inc.	Manufacturer Rep	Woodstock, GA
STRATACACHE	Service Company	Dayton, OH
Studex Inc	Manufacturer	Gardena, CA

Surgical Appliance Industries (SAI)	Manufacturer	Cincinnati, OH
Symphony Health Solutions	Service Company	Phoenix, AZ
Temperature@lert	Manufacturer	Boston, MA
TraceLink Inc.	Service Company	North Reading, MA
Tris Pharma Inc.	Manufacturer	Monmouth Junction, NJ
TUFMED, Inc	Manufacturer	Tampa, FL
Tutem Masks DBA Lila Corp	Manufacturer	Lawrence, KS
UpSpring	Manufacturer	Austin, TX
Welmedix Consumer Healthcare	Manufacturer	Princeton, NJ
Woodward Pharma Services LLC	Service Company	Birmingham, MI

### **ASSOCIATE MEMBER CANCELLATIONS**

The following 16 Associate members are recommended for cancellation.

<b><u>Company</u></b>	<b><u>Member Since</u></b>	<b><u>Reason</u></b>	<b><u>Type</u></b>
Banzai Living Beauty	05/14/2014	Member Request	Manufacturer
Cenveo Corporation dba Quality Park Products	06/11/2014	Member Request	Manufacturer
5-Hour Energy / Living Essentials	05/20/2014	Member Request	Manufacturer
Homeostasis Laboratories, Inc.	05/01/2013	Member Request	Manufacturer
Inter-Pacific Corporation	05/13/2014	Member Request	Manufacturer
Lumene	04/17/2008	Member Request	Manufacturer
Pro-Optics, Inc.	02/06/2014	Member Request	Manufacturer
Quest Products Wellbeing	05/01/2012	Consolidation	Manufacturer
Ranbaxy Inc.	06/28/1996	Merger/Sale	Manufacturer
Rubbo Intl. Inc / UT Wire	05/05/2014	Member Request	Manufacturer
RxTran	07/06/2010	Member Request	Service Company
Salix Pharmaceuticals, Inc.	08/18/2000	Merger/Sale	Manufacturer
SAS Safety Corp.	02/25/2010	Member Request	Manufacturer
Source Interlink Companies	04/09/2010	Member Request	Manufacturer
Square Inc.	07/15/2014	Member Request	Service Company
Viking Global Investors LP	07/07/2014	Member Request	Consulting

### **INTERNATIONAL MEMBER APPLICATIONS**

The following 12 supplier companies have applied for NACDS International membership.

#### **Associates**

<b><u>Company</u></b>	<b><u>Type</u></b>	<b><u>Country</u></b>
Clearview Healthcare Products, Inc	Manufacturer	Korea
Clinova	Manufacturer	United Kingdom
Ddrops Company	Manufacturer	Canada
Farmen ICD SpA	Wholesaler	Italy
King Brand Healthcare Products Ltd.	Manufacturer	Canada
Laboratoires Nutrisanté	Manufacturer	France
McCaughey Consumer Products Management Inc.	Sales & Marketing	Canada
NutriCorp International	Manufacturer	Canada
Outset Media Corporation	Manufacturer	Canada

Membership - 4



Products of Australia Pty Ltd

Manufacturer

Australia

**Chains****Company**

Farmacia Carol

FEMSA Comercio

**#Rx**

43

853

**Country**

Dominican Republic

Mexico

**INTERNATIONAL ASSOCIATE MEMBER CANCELLATIONS**

The following 6 International Associate Members are recommended for cancellation.

**Company**

The Beauty Company Inc.

De Ruy Perfumes, S.A.

Hunter Amenities International Ltd

Marc Anthony Cosmetics, Inc.

OpenText

Stabilis Pharma Inc.

**Member Since**

05/23/2014

05/08/2014

02/26/2013

06/25/2013

05/14/2014

05/26/2014

**Reason**

Member Request

Member Request

Member Request

Member Request

Member Request

Merger/Sale

**Type**

Manufacturer

Manufacturer

Manufacturer

Manufacturer

Service Company

Manufacturer